

***WORKERS COMPENSATION BOARD OF INDIANA***

**2021 SECOND INJURY FUND  
CALCULATION OF FUNDING LEVEL**

**December 21, 2020**

Please note only assessments greater than \$1,000 may be paid in two installments.

The due dates are:  
**February 1, 2021**  
**June 30, 2021**

SECOND INJURY FUND REPORT  
AND ASSESSMENT FOR 2021

By the Chair

December 20, 2020

Happy Holidays to all. I hope my report finds you healthy and warm. Due to the uncertainty with using data from 2019 for 2021's assessment, especially in light of the employment fluctuations due to Covid-19, we are applying a 9% reconciliation factor for 2021. This is an additional calculation we only began using in 2019 to account for the routine shortfalls we see caused by necessarily using outdated statistics. We typically use the percentage shortfall we see the year before. Last year we used 5% as a reconciliation factor based on what we received in 2019, and still brought in only 93% of the assessment. The shortfall would have been enough to pay wage replacement benefits for a typical month. With monthly payouts often exceeding \$600,000 between indemnities and prosthetics, a shortfall could be devastating. Further, there is no longer a provision in law for an emergency assessment. Any excess collected remains in the Fund and will offset the assessment for 2022.

Direct written premiums were down very slightly and losses paid by carriers rose in 2019. On the self-insured side we see that losses paid in 2019 were slightly lower than those in 2018. The share of the assessment that falls to these employers will be reduced from 17% to 16%, which was the percentage in the 2019 assessment.

Included with this report are the Certification forms used to calculate individual assessment obligations. These forms use numbers provided by the Indiana Compensation Rating Bureau as well as self-insured factors taken from new and renewal applications for 2019. Historical data can be found on the last page.

Indemnity payments from the Fund traditionally increase slightly each year as new injured workers are added to the rolls at wages greater than those of the recipients we lose throughout the year. The number of recipients rose by 8 this year. This increase has been 4% in recent years, so that is the factor applied.

Prosthetics are less easy to predict because recipients receive a new unit only as needed when their prosthetic devices wears out. In 2019 we had 74, while in 2020 we had 83, which is the same number we had in 2018. We are adding more and younger recipients each year. Devices are more sophisticated than in years past but also provide these young employees the opportunity to remain valuable in today's complex workplace. Our prudent reserve for prosthetics is a total of the three highest months in 2020.

As discussed last year, the administrative expense will remaining constant due to the additional IT costs of employing three contract workers and the agency's work to move to a new server and update its systems to provide for electronic filing of most forms and documents. We anticipate this expense may go down after these projects are completed in 2022. Please note there is no assessment for SWCAP (Statewide Cost Allocation Plan) as the Board has been able to handle payments from the Fund in a way that avoids this additional cost.

Payments will be due on February 1<sup>st</sup> and June 30<sup>th</sup> in 2021. You may choose to use the installment option only if your assessed total is greater than \$1,000. This option is no longer available if your total assessment is less than \$1,000 and a penalty will be assessed if the whole amount is not received by the February due date. No reminder will be sent before the June due date.

**This year it is mandatory that you use the State's electronic payment system, which can be accessed at <http://www.in.gov/wcb>.** If you do not already have one, you may obtain a "unique identifier" to pay electronically by contacting the Board. This will allow a debit transaction directly from your company's bank account for a \$1.00 State user fee. The fee for using the credit card option will be higher because it is a percentage of your payment. Please always submit a Certification form with a payment.

Please call Mary Taivalkoski or me if you have questions or comments regarding the assessment, report, or the Fund. Wishing you good health, happiness, peace, and prosperity in 2020.

Linda Peterson Hamilton

## 2ND INJURY FUND REPORT

December 21, 2020

Revenue from 2020 Assessment	7,503,855
<b>Expenditures 2020:</b>	
Indemnity (311 Recipients)	5,545,334
Prosthetics (83 Recipients)	1,563,686
Administrative Fees	326,031
<b>Total</b>	<b>7,435,051</b>
<b>Available Fund Balance 12/31/2019</b>	<b>2,393,663</b>

### 2021 Assessment Factors

Indemnity (3 month expense)	1,386,334
Prosthetics (3 month expense)	610,204
<b>Total Prudent Reserve</b>	<b>1,996,538</b>
<b>Estimated Expenditures:</b>	
Indemnity	5,767,147
Prosthetics	1,720,055
Administrative Fees	326,031
<b>Total Projected Expenditures</b>	<b>7,813,233</b>
<b>Estimated Need</b>	<b>9,809,771</b>
Assessment Reconciliation	882,879
12/15/2020 Available Fund Balance	-2,393,663
<b>Final Assessment Amount</b>	<b>8,298,987</b>

**Reported and Historical Data  
Utilized in Assessment**

(Reported in dollars)

Reported by ICRB for 2019:

Total Losses Paid	413,943,000
Total Premiums Written	799,356,000

Reported by ICRB for 2018:

Total Losses Paid	389,326,000
Total Premiums Written	801,834,000

Reported by ICRB for 2017:

Total Losses Paid	405,061,000
Total Premiums Written	825,803,000

Reported by ICRB for 2016:

Total Losses Paid	398,578,000
Total Premiums Written	876,183,000

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Self-Insured Factors 2019:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 19,240,802 |
| Total Medical Paid         | 58,938,432 |
| Total Self Insured Factors | 78,179,234 |

Self-Insured Factors 2018:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 22,072,167 |
| Total Medical Paid         | 58,021,388 |
| Total Self Insured Factors | 80,093,555 |

Self-Insured Factors 2017:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 22,413,972 |
| Total Medical Paid         | 58,606,805 |
| Total Self Insured Factors | 81,020,777 |

Self-Insured Factors 2016:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 19,377,397 |
| Total Medical Paid         | 54,778,887 |
| Total Self Insured Factors | 74,156,284 |

**Historical Second Injury Fund Data re.  
Total Expenditures Reported By the WCB  
(Reported in dollars)**

|                             |           |
|-----------------------------|-----------|
| Jan/Dec 2019                |           |
| Prosthetics (74 Recipients) | 1,325,699 |
| Indemnity (303 Recipients)  | 5,548,962 |
| Jan/Dec 2018                |           |
| Prosthetics (74 Recipients) | 1,325,699 |
| Indemnity (303 Recipients)  | 5,548,962 |
| Jan/Dec 2017                |           |
| Prosthetics (86 Recipients) | 1,273,992 |
| Indemnity (301 Recipients)  | 5,393,062 |
| Jan/Dec 2016                |           |
| Prosthetics (74 Recipients) | 1,198,344 |
| Indemnity (308 Recipients)  | 5,277,757 |